



## CITY OF LODI COUNCIL COMMUNICATION

**AGENDA TITLE:** Receive Report Regarding Communications Pertaining to the California High-Speed Rail Authority and American Recovery and Reinvestment Act Funding

**MEETING DATE:** November 16, 2011

**PREPARED BY:** City Clerk

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**RECOMMENDED ACTION:** Receive report regarding communications pertaining to the California High-speed Rail Authority and American Recovery and Reinvestment Act (ARRA) funding.

**BACKGROUND INFORMATION:** The City received a request for communication from the City of Merced regarding a pre-expenditure request that is critical for the preservation of ARRA funding as it relates to high-speed rail.

The communication essentially does the following three things:

- (1) The request asks the Director of the California Department of Finance to approve the California High-speed Rail "pre-expenditure request" before them so that the ARRA and State funding is not jeopardized.
- (2) Reiterates support for the Central Valley high-speed rail as the essential core segment of a viable high-speed rail system in California given that the segment supports speeds of 220 miles per hour and will deliver jobs and future access to a part of the State that could use a serious economic boost.
- (3) Reiterates support for the Merced to Bakersfield section as the first phased implementation of the statewide system that meets operational independence requirements and maximizes the funding by connecting a high-speed system to commuter and passenger rails that can go all the way to Oakland and San Francisco in the north and San Diego to the south.

Based upon prior high-speed rail support positions taken by the City of Lodi, the communication was signed by the Mayor and sent out by the October 31, 2011 deadline as requested.

This report is provided for informational purposes only.

**FISCAL IMPACT:** None.

**FUNDING AVAILABLE:** Not applicable.

Randi Johl  
City Clerk

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APPROVED:

Konrad Bartlam, City Manager

CITY COUNCIL

BOB JOHNSON, Mayor  
JOANNE MOUNCE,  
Mayor Pro Tempore  
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# CITY OF LODI

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D. STEPHEN SCHWABAUER  
City Attorney

October 31, 2011

The Honorable Jerry Brown  
Governor, State of California  
State Capitol, First Floor  
Sacramento, California 95814  
{Via Facsimile: (916) 558-3177}

Director Ana J. Matosantos  
California Department of Finance  
915 L. Street  
Sacramento, California 95814  
{Via Facsimile: (916) 323-0060}

SUBJECT: **CALIFORNIA HIGH-SPEED RAIL AUTHORITY**

Dear Governor Brown and Director Matosantos:

We are pleased to continue our long time support of the proposed California high-speed rail system. We have worked diligently in our partnership with the California High-speed Rail Authority (Authority) as it seeks to build a transformational statewide public infrastructure project in California. We believe through collaboration, best practices, political will and good communication, the California high-speed rail system will enhance the lives of our residents and provide continued economic growth for our communities.

The purpose of this letter is to express our concern that the federal American Recovery and Reinvestment Act (ARRA) allocation of \$3.3 billion dollars to begin the development and construction of high-speed rail in California is in jeopardy. This is based on the strict deadlines for expenditures required by the ARRA regulations, the U.S. Department of Transportation and Federal Railroad Administration. They have clearly stated that the beginning of construction must occur by September 2012 and be completed by September of 2017. Failure to meet these deadlines jeopardizes the \$3.3 billion dollars in federal funding, the \$3 billion in matching funding from Proposition 1A, and more than the 120,000 jobs scheduled to begin next year.

The Director of the California Department of Finance is being asked to review and approve the "pre-expenditure request" relative to the preliminary right-of-way acquisition activities for the California high-speed rail system. The preliminary right-of-way acquisition activities are a required step before construction can begin. Therefore, one delay in this complex process can threaten the overall project funding. We are respectfully requesting that the Director of the California Department of Finance approve

the California high-speed rail "pre-expenditure request" so that the federal ARRA and State funds are not jeopardized.

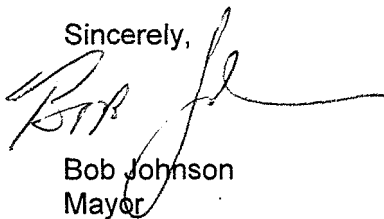
The Authority must complete many tasks before construction of the project may begin, including planning, preliminary design, environmental review, final design, right-of-way acquisition and utility relocation. The Authority is currently in the planning and environmental review phases. In fact, comments for the draft environmental impact report for the Merced to Fresno and Fresno to Bakersfield sections were due on October 13<sup>th</sup>. It is our understanding that the Authority expects to designate the preferred northern alignment in December 2011 and to receive final state and federal approval for this portion of the project in April of 2012.

As determined by federal and state officials, the Central Valley segment of the high-speed rail system is the essential core given that it is the only segment that can support speeds of 220 miles per hour in the first phase of the system. The Central Valley segment is also supported because it provides future access to a part of the State that needs a serious economic boost. Additionally, the Merced to Bakersfield segments meet the required operational independence requirements and maximize the funding allocated to California by connecting the high-speed rail system to existing commuter and passenger rail. When the Merced to Bakersfield segment is implemented, it has the potential to travel to San Jose and San Francisco (once ACE is extended from Stockton to Merced) in the north and Palmdale to the south given the current passenger rail commuter trains. For being the first buildable piece of the statewide system, the Central Valley segment can be fully maximized by utilizing existing commuter rail through existing and new transportation partnerships.

We know there has been and will continue to be numerous attacks on the proposed high-speed rail system. This is expected for a project of this magnitude. But we would be remiss if we did not remind you of the incredible economic, commerce and transportation benefits that high-speed rail will bring to this state.

In closing, we urge you to approve the high-speed rail "pre-expenditure request" so that the Federal ARRA and State funds are not jeopardized. We further commit to working with your administration and the Authority in implementing a world class high-speed rail system that creates badly needed jobs, and connects the various regions of our beautiful state.

Sincerely,



Bob Johnson  
Mayor

C: File

## **ARRA Deadline for \$3.3 Billion of Federal High-speed Rail Funds**

### **Merced to Bakersfield Segment**

#### **Bullets/Talking Points for Letters and Advocacy Efforts**

**Last Updated October 28th, 2011**

#### **Issue:**

The American Recovery and Reinvestment Act (ARRA) allocated \$3.3 billion dollars in federal funding to begin the development and construction of high-speed rail in California. This funding has a September 2012 deadline for beginning construction in order to meet the September 2017 construction deadlines. Failure to meet these federal deadlines, will result in the loss of more than the \$3.3 billion dollars in federal funding, \$3 billion dollars in matching funds from Proposition 1A, and more than 120,000 jobs scheduled to begin next year. In a letter from May of 2011 the U.S. Department of Transportation clearly states that they "have no administrative authority to change this deadline and do not believe it is prudent to assume Congress will change it."

The Director of the Department of Finance is being asked to review and approve the "pre-expenditure request" relative to the preliminary right-of-way- acquisition activities for the California High-speed Rail system. The preliminary right-of-way acquisitions activities are a required step before construction can begin. Therefore, one delay in this complex process can threaten the project funding. The issue in front of the Department of Finance is to approve or not to approve the "pre-expenditure request (funds)." This decision will be made shortly and therefore time is of the essence to gather support letters and advocate to the Governor and the Director of the Department of Finance to approve the "pre-expenditure request (funds)" so as not to endanger the start of the construction delays in the availability to have the right-of-way procured in advance of the contractors beginning construction.

For clarity, the "pre-expenditure request" consists of Proposition 1A funds and ARRA funds; no California general fund dollars are being requested.

#### **What is the Ask?**

There are three asks/statements that should be made to the Governor and the Director of the California Department of Finance:

1. To request that the Director of the California Department of Finance approve the California High-speed Rail “pre-expenditure request” before them so that the ARRA and State funding is not jeopardized.
2. Reiterate your support for the Central Valley high-speed rail as the essential core segment of a viable high-speed rail system in California given that this segment supports speeds of 220 miles per hour and will deliver jobs and future access to a part of the State that could use a serious economic boost.
3. State your support for the Merced to Bakersfield section as the first phased implementation of the statewide system that meets operational independence requirements and maximizes the funding by connecting a high-speed system to commuter and passenger rails that can go all the way to Oakland and San Francisco in the north and San Diego to the south.

**Critical Points:**

- The US Department of Transportation federal funding requires the State's matching funds, hence the importance of approving the “pre-expenditure request.”
- Withholding or delaying authorization of the State funds puts California's high-speed rail project in serious jeopardy.
- Under federal law, the High-speed Rail Authority must spend all of the ARRA funds it has been awarded by September 2017. However, there are many tasks which must be completed before construction may begin. These include planning, preliminary design, environmental review, final design, right-of-way acquisition, and utility relocation.
- The HSR project is currently in the planning and environmental review phases.
- A draft environmental impact report has been released for the northern portion of the initial construction segment from Merced to Fresno.
- The High-speed Rail Authority expects to designate the preferred northern alignment in December 2011 and to receive final state and federal approval for this portion of the project in April 2012.
- A revised draft environmental report for the southern portion, which runs from Fresno towards Bakersfield, is expected to be released in early 2012.
- The High-Speed Rail Authority expects to designate the preferred southern alignment in August 2012 and to receive final state and federal approval in December 2012. After receiving environmental approval and resolving all legal challenges to the project, the Authority would begin acquiring parcels in the right of way and request proposals from engineering firms for the design-build contracts for the initial construction segment from Merced to Bakersfield.